

**Draft Resolutions for the Annual General Shareholders Meeting of PGNiG to Be Held
on June 27th 2006**

Current Report No. 36/2006 dated 16 June 2006

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG") hereby publishes the draft resolutions it intends to propose for adoption by the Annual General Shareholders Meeting of PGNiG to be held on June 27th 2006:

**Resolution No.
of the Annual General Shareholders Meeting of
Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna,
dated**

concerning: approval of the Directors' Report on the Company's operations in 2005 and approval of the Company's financial statements for 2005, comprising the introduction to the financial statements, the balance sheet, the profit and loss account, the statement of changes in equity, the cash flow statement, and the notes to the financial statements.

Par. 1

Acting on the basis of Art. 395.2.1 of the Commercial Companies Code and Par. 56.1.1 of the Company's Articles of Association, the Annual General Shareholders Meeting of PGNiG S.A. has reviewed and hereby resolves to approve:

1. the Directors' Report on the Company's operations in 2005;
2. the financial statements of PGNiG S.A. for the financial year ended December 31st 2005, comprising:
 - a. introduction to the financial statements;
 - b. balance sheet as at December 31st 2005, showing a balance-sheet total of PLN 19,203,887,515.68;
 - c. profit and loss account for the period January 1st – December 31st 2005, showing a net profit of PLN 1,132,227,947.23;
 - d. statement of changes in equity for the period January 1st – December 31st 2005, showing an increase in equity of PLN 3,244,812,693.21;
 - e. cash flow statement for the period January 1st – December 31st 2005, showing a net increase in cash of PLN 2,226,512,505.77;
 - f. notes to the financial statements.

Par. 2

The resolution comes into force on the day of its adoption.

**Resolution No.
of the Annual General Shareholders Meeting of
Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna,
dated**

concerning: approval of performance of duties by the members of the Management Board in the period January 1st – December 31st 2005.

Par. 1

Acting on the basis of Art. 393.1 and Par. 395.2.3 of the Commercial Companies Code, in conjunction with Par. 56.1.2 of the Company's Articles of Association, the Annual General Shareholders Meeting of PGNiG S.A. hereby approves the performance of duties by the following members of the Executive Board in the period January 1st – December 31st 2005:

- a) Marek Kossowski – President of the Management Board of PGNiG S.A., for the period January 1st – November 25th 2005;
- b) Paweł Kamiński – Vice-President of the Management Board of PGNiG S.A., for the period January 1st – November 25th 2005;
- c) Marek Foltynowicz – Vice-President of the Management Board of PGNiG S.A., for the period January 1st – December 31st 2005;
- d) Mieczysław Jakiel – Vice-President of the Management Board of PGNiG S.A., for the period January 1st – December 31st 2005;
- e) Franciszek Krok – Vice-President of the Management Board of PGNiG S.A., for the period January 1st – December 31st 2005;
- f) Jan Anysz – Vice-President of the Management Board of PGNiG S.A., for the period January 10th – December 31st 2005;
- g) Jerzy Staniewski – Vice-President of the Management Board of PGNiG S.A., for the period January 1st – April 29th 2005.

Par. 2

The resolution comes into force on the day of its adoption.

Resolution No.
of the Annual General Shareholders Meeting of
Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna,
dated

concerning: approval of performance of duties by members of the Supervisory Board in the period January 1st – December 31st 2005.

Par. 1

Acting on the basis of Art. 393.1 and Par. 395.2.3 of the Commercial Companies Code, in conjunction with Par. 56.1.2 of the Company's Articles of Association, the Annual General Shareholders Meeting of PGNiG S.A. hereby approves the performance of duties by the following members of the Supervisory Board in the period January 1st – December 31st 2005:

- 1. Krzysztof Głogowski – for the period December 12th – December 31st 2005;
- 2. Andrzej Rościszewski – for the period December 12th – December 31st 2005;
- 3. Kazimierz Chrobak – for the periods January 1st – April 29th 2005 and October 27th – December 31st 2005;
- 4. Magdalena Bąkowska – for the period January 1st – December 31st 2005;
- 5. Mieczysław Kawecki – for the period October 27th – December 31st 2005;
- 6. Mieczysław Puławski – for the period November 18th – December 31st 2005;
- 7. Mirosław Szałuba – for the period October 27th – December 31st 2005;
- 8. Piotr Szwarc – for the period December 12th – December 31st 2005;
- 9. Andrzej Arendarski – for the period January 1st – December 12th 2005;
- 10. Zbigniew Kamieński – for the period April 29th – December 12th 2005;
- 11. Piotr Niewiarowski – for the period January 1st – April 29th 2005;
- 12. Wiesław Libera – for the period January 1st – April 29th 2005;
- 13. Bogusław Kasprzyk – for the period March 25th – October 17th 2005;
- 14. Zbigniew Macioszek – for the period February 18th – March 25th 2005;

15. Stanisław Perek – for the period January 1st – March 25th 2005;
16. Tadeusz Soroka – for the period April 29th – December 8th 2005;
17. Stanisław Stosur – for the period January 1st – April 29th 2005;
18. Stanisław Szpeczik – for the period January 1st – February 16th 2005;
19. Dawid Sukacz – for the period March 25th – December 12th 2005;
20. Andrzej Zając – for the period January 1st – April 24th 2005;

Par. 2

The resolution comes into force on the day of its adoption.

Resolution No.
of the Annual General Shareholders Meeting of
Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
dated

concerning: distribution of profit for the 2005 financial year.

Par. 1

Acting on the basis of Art. 395.2.2 of the Commercial Companies Code and Par. 56.1.3 of the Company's Articles of Association, the Annual General Shareholders Meeting of PGNiG S.A. hereby resolves to distribute the net profit of PLN 1,132,227,947.23 for the financial year of 2005 in the following manner:

1. PLN 885,000,000.00 shall to be allocated to dividend, including:
 - PLN 750,000,000.00 as non-cash dividend to the State Treasury;
 - PLN 135,000,000.00 as cash dividend to the other shareholders;
2. PLN 7,300,000.00 shall increase the Company's social benefits fund;
3. PLN 27,600,000.00 shall be allocated to employee awards;
4. PLN 8,000,000.00 shall be allocated to the employment restructuring fund;
5. PLN 204,327,947.23 shall be allocated to the Company's reserve funds.

Par. 2

Acting on the basis of Art. 348.3 of the Commercial Companies Code and Par. 63.4 of the Company's Articles of Association, the Annual General Shareholders Meeting of PGNiG S.A. hereby resolves to:

1. set the dividend record date as 27 July 2006
2. set the dividend payment date as 2 October 2006

Par. 3

The resolution comes into force on the day of its adoption.

Resolution No.
of the Annual General Shareholders Meeting of
Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna
dated

Concerning: Determination of assets representing non-cash dividend and definition of the assets' valuation method.

Par. 1

Acting on the basis of Par. 63.7 of the Company's Articles of Association, the Annual General Shareholders Meeting of PGNiG S.A. hereby resolves as follows:

1. The dividend of PLN 750,000,000.00 payable to the State Treasury, less the costs referred to in Section 2 of this Resolution, may be collected by the shareholder in the following non-cash form:
 - a) Sub-systems of the transmission system from among the assets disclosed in the accounting books of PGNiG S.A., specified in Appendix 1 to this Resolution;
 - b) Expenditure made by PGNiG S.A. on non-current assets under construction, related to the transmission system, disclosed in the accounting books of PGNiG S.A., specified in Appendix 2 to this Resolution;- subject to additional cash payment if the value of the assets referred to in Section 1a) and 1b) above does not reach PLN 750,000,000.00 less the costs referred to in Section 2 of this Resolution.
2. The PLN 750,000,000.00 dividend payable to the State Treasury includes the fee payable to the appraiser who prepared the valuation of the non-cash dividend components for the State Treasury, and is net of any cost and expenses related to notarial fees payable in connection with the distribution of non-cash dividend to the State Treasury.
3. A detailed determination of the assets comprising the non-cash dividend from among those specified in Appendix 1 and Appendix 2 shall be made upon their valuation in the following manner:
 - a) The sub-systems of the transmission system referred to in Section 1a) hereof and specified in Appendix 1 hereto, shall be valued according to the formula defined in the bid for disposal of these assets to OGP Gaz-System submitted by PGNiG on July 6th 2005. The valuation formula is attached as Appendix 3 to this Resolution.
 - b) The non-current assets under construction, related to the transmission system, referred to in Section 1b) hereof and specified in Appendix 2 hereto, shall be valued as at October 2nd 2006 according to the formula defined in Appendix 4, Section 1.4, to the Operating Lease Agreement concluded on July 6th 2005 between PGNiG S.A. and OGP Gaz-System Sp. z o.o. The valuation formula is attached as Appendix 4 to this Resolution.
4. The detailed specification of the assets comprising the non-cash dividend, determined in accordance with Section 3 above shall be subject to approval by way of a resolution adopted by this General Shareholders Meeting, upon its resumption after adjournment, but not later than 30 days as from the date hereof. Should the General Shareholders Meeting's resolution referred to in the preceding sentence not have been adopted within such 30-day period, the dividend payable to the State Treasury shall be distributed on October 2nd 2006 in the amount of PLN 750,000,000.00 less the costs incurred by PGNiG S.A. as referred to in Section 2 hereof.

Par. 2

The resolution comes into force on the day of its adoption.

Appendix 1 to Resolution No. of the Annual General Shareholders Meeting of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna dated is included in the other file.

Appendix 2 to Resolution No. of the Annual General Shareholders Meeting of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna dated

Unit	No	Name
1	2	3
		Total
Gdańsk	1	Gazociąg Włocławek-Gdynia DN 500 PN=8,4MPa Toruń-Lisewo
	2	Gaz. W/c Włocławek-Gdynia DN 500 odc. Węzeł Kwidzyn-Pszczółki
		odc. Od węzła Kwidzyn do przekroczenia rzeki Wisły
		odc. na terenie gm. Gniew długości L=1,7 km I etap
		odc. Na terenie gm. Gniew długości L12,3 km II etap
		odc. Na terenie gm. Subkowy L=9,3 km
		odc. Na terenie m. Tczew długości L=1,6 km
	3	Gazociąg Włocławek-Gdynia DN 500 PN=8,4 MPa Pszczółki-Wiczlino
	4	Gazociąg DN 500 Wiczlino-Kossakowo L=22,5 km
	5	Gazociąg DN 500 Włocławek-Gdynia odc. Od węzła Kwidzyn o gm, Pszczółki L=60 km dokumentacja
Wrocław	1	Gazociąg Czeszów-Wrocław DN 500 L=32,5 km
Rembelszczyna	1	Gazociąg Mory-Piotrków Trybunalski
		odc. Ujazd-Tomaszów Maz. DN 400/150 L=2,5/2,05 km
		odc. Tomaszów Maz.-Wolbórz DN 400/100 L=21,1/2,2 km
		Tomaszów Maz.-Piotrków Tryb. odc. gr. gm. Wolbórz-Piotrków Tryb. DN 400 L=5,6 km + węzeł Meszcze II - prace przygotowawcze

Appendix 3 to Resolution No. of the Annual General Shareholders Meeting of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna dated

Concerning: Formula for valuation of sub-systems of the transmission system for the purposes of non-cash dividend distribution to the State Treasury

The sub-systems of the transmission system shall be valued as at the non-cash dividend payment date, that is October 2nd 2006, as computed according to the formula defined in the bid for disposal of these assets to OGP Gaz-System submitted by PGNiG on July 6th 2005.

The formula and procedure for determining the value of each of these sub-systems, as adjusted for the purposes of non-cash dividend distribution, shall be as follows:

1. The value of a given sub-system shall be equal to the higher of the following two values determined in accordance with Sections 1.1 and 1.2 below, that is:

1.1 The difference between the market value of this sub-system (as such value has been determined by an authorised expert appraiser with the application of the methodology and assumptions described in subsections 1a) and 1b) below) and the value of non-amortised (as at the valuation date) non-current assets and non-current assets under construction within the meaning of the Polish Accountancy Act of September 29th 1994 (Dz.U. of 2002, No. 76, item 694), in the reading effective on June 27th 2006, purchased or produced by OGP Gaz-System Sp. z o.o. and related to this sub-system, in the period from July 7th 2005 to June 27th 2006 and financed from sources other than PGNiG S.A., with the proviso that:

a) The expert appraiser should, with the application of the income method, determine the market value of the entire gas transmission system owned by OGP Gaz-System Sp. z o.o. as at June 27th 2006 under the Lease Agreement, based on all necessary data and assumptions received from OGP Gaz-System Sp. z o.o. and verified by the expert.

b) Net value of the given sub-system should be equal to 1/69 (one sixty-ninth) of the market value determined in accordance with Sections 1 and 1.1a) above, and, where the expert appraiser has delivered a value range, net value of the given sub-system should be equal to 1/69 (one sixty-ninth) of the median of the market value range determined in accordance with Sections 1 and 1.1a) above.

1.2 The aggregate of the principal portion of Lease Instalments (provided for under the Operating Lease Agreement concluded on July 6th 2005 between PGNiG S.A. and OGP Gaz-System Sp. z o.o., but not paid by October 2nd 2006) and the Purchase Price (meeting the conditions of the definition of the V_m parameter defined in Appendix 3 to the lease agreement) with respect to the elements of the given sub-system.

Appendix 4 to Resolution No. of the Annual General Shareholders Meeting of Polskie Górnictwo Naftowe i Gazownictwo Spółka Akcyjna dated

Concerning: Valuation formula for non-current assets under construction, related to the transmission assets, for the purposes of non-cash dividend distribution to the State Treasury

The value of non-current assets under construction, related to the transmission system, disclosed in the accounting books of PGNiG S.A. shall be determined, as at October 2nd

2006, in accordance with the formula defined in Section 1.4 of Appendix 4 to the Operating Lease Agreement concluded on July 6th 2005 between PGNiG S.A. and OGP Gaz-System Sp. z o.o., that is according to the same rules which would govern inclusion of these non-current assets into that Operating Lease Agreement upon completion of their construction.

The formula for computation of the value of each non-current asset under construction, adapted for the purposes of determination of values of non-current assets under construction and distribution of non-cash dividend, shall be as follows:

$$V_i = I + R$$

where:

V_i stands for **the value of a given non-current asset under construction**.

I stands for **the value of PGNiG S.A.'s expenditure** meant as the aggregate of all documented expenditure incurred by PGNiG S.A. on the construction or purchase of a given non-current asset classified as a non-current asset under construction, net of financial expenses incurred by PGNiG S.A.

R stands for **the value of interest on the capital employed by PGNiG S.A.** in the project whose execution leads to creation of a given non-current asset under construction over the entire execution period, from the date on which PGNiG S.A. incurred such expenditure for the first time, as documented with external documents, to the date on which this non-current asset is delivered as non-cash dividend, that is October 2nd 2006. Such value shall be computed according to the following formula:

$$R = (I_1 * (\sqrt[360]{1 + r_1} - 1) + (I_2 * (\sqrt[360]{1 + r_2} - 1) + (I_3 * (\sqrt[360]{1 + r_3} - 1) + + (I_n * (\sqrt[360]{1 + r_n} - 1)$$

where:

I_{1,2,3,...n} stands for **the accrued expenditure incurred by PGNiG S.A.** on a given non-current asset under construction in the period from the date of the first expenditure documented by external invoices or bills to the date 2,3,...n, respectively, where n corresponds to the date on which this non-current asset under construction is delivered as non-cash dividend, that is October 2nd 2006;

r_{1,2,3,...n} stands for **the interest on the capital employed by the Financing Party**, determined as the average 3M WIBOR for the last week of the month preceding the month to which this interest refers, plus a 2.5% margin (two and a half per cent), and for the period from July 1st 2006 to the date on which this non-current asset under construction is delivered as non-cash dividend, that is October 2nd 2006, determined as the average 3M WIBOR for the last week of June 2006.